

Off. of Thrift Supervision

Performance Plans for FY2002 and FY2003

Actual Performance Figures are in **bold**, Final Targets are in plain text, and Proposed Targets are *italicized*.

Targets which were not met are shown in red.

Mission: The mission of the OTS is: To effectively and efficiently supervise thrift institutions to maintain their safety and soundness in a manner that encourages a competitive industry to meet America's housing, community credit and financial service needs and to provide access to financial services for all Americans.

Budget Activity: Goal 1. Maintain a safe and sound industry that meets its responsibilities.

Function: Through the examination process, OTS assesses the financial condition and risk profile of thrift institutions and identifies violations of law and regulation and potential financial and economic problems. The OTS examination process assists in preventing the development or continuation of unsafe operating practices and effects timely resolution of identified problems or weaknesses, including consumer protection and Community Reinvestment Act (CRA) weaknesses.

Performance Goal:

Ensure that 100% of OTS-regulated Thrift Institutions Operate in a Safe and Sound Manner or that OTS has Taken Appropriate Supervisory or Enforcement Action.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation					
Percentage of thrift institutions that, within sixty days of having received an unsatisfactory safety and soundness rating, are either subject to a formal or informal enforcement action or as to which such action has been waived	86.7%	100%	100%	100%	

Performance Goal:

Ensure that at least 95% of OTS-Regulated thrift institutions rate the value of the examination process as "satisfactory" or above.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation					
Percentage of thrift survey responses that rate the examination process as being "satisfactory" or "better than satisfactory"	98.4%	99%	98.8%	95%	

Performance Goal:

Ensure that 100% of OTS-Regulated thrift institutions comply with consumer protection, fair lending, community reinvestment, bank secrecy and other public policy laws and regulations or that OTS has taken appropriate supervisory or enforcement action.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation					
Percentage of thrift institutions that, within sixty days of having received an unsatisfactory compliance rating, are either subject to a formal or informal enforcement action or as to which such action has been waived	100%	100%	100%	100%	

Performance Goal:

Ensure that 100% of OTS-regulated thrift institutions are at least "adequately capitalized" or are under a Prompt Corrective Action Directive or are recapitalized to the "adequately capitalized" level or operating within an approved Capital Plan within 150 days of becoming undercapitalized.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation					
Percentage of OTS-regulated thrift institutions that are either at least adequately capitalized, operating under an approved Capital Plan or Prompt Corrective Action (PCA) Directive, have been undercapitalized for less than 150 days, or have received prior approval by the Deputy Director for exceeding the 150-day timeframe for issuance of a PCA Directive	99.9%	100%	100%	100%	

**Budget Activity:
Function:**

Goal 2. Actively support the thrift industry's efforts to expand the full range of housing.

In December 1993, OTS established the Community Affairs Program as a way to assist the thrift industry's efforts to help meet the credit and financial services needs in their communities, particularly for those areas and individuals in greatest need.

Performance Goal:

Provide educational and technical assistance to industry representatives, the OTS examination staff and other relevant parties on community development issues, needs and opportunities; key players and programs; and investment authority or regulatory barriers.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation					
The number of institutions that OTS provides one-on-one technical or strategic planning assistance to in their efforts to meet their CRA obligations or expand the full range of housing, other credit and financial services to all segments of their communities.					
[BASELINE in FY 2002]					

Performance Goal:

Promote and help facilitate partnerships between financial institutions, community organizations and others as a means of improving the availability of and access to credit and financial services.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation					
Number of new partnerships formed, activities/ programs commenced or investments made as a result of training, or partnership building activities	26	28	27	26	

**Budget Activity:
Function:**

Goal 3. Utilize the talents, .. of the agency to keep regulatory operations at a minimum level

One of OTS's continuing initiatives is to reduce the regulatory burden on thrifts while maintaining effective supervision. This includes initiatives to enhance the efficiency of the financial reporting process and to improve the application process. During the coming years, OTS's Office of Supervision will continue to streamline the examination process. OTS has already significantly reduced the amount of on-site examination time; streamlined reporting requirements by moving to consolidated reports; redesigned approximately 71 percent of OTS's regulations to make them easier to understand; and eliminated unnecessary restrictions.

Performance Goal:

Develop and maintain an OTS workforce capable of providing assistance to thrift institutions in meeting the thrifts regulatory responsibilities. Ensure that at least 60% of the regulatory staff receive at Least 30 hours of training annually.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation					
Percentage of regulatory staff who will receive at least 30 hours of training designed to keep them current in regulatory issues and industry developments		69%	28%	60%	
			View Explanation		

**Budget Activity:
Function:**

Goal 4. Provide exceptional service to all major groups with which we interact.

OTS primarily interacts with the thrift institutions it charters, examines and supervises and the customers these institutions serve. OTS also provides the general public with statistical reports, securities filings of stock institutions, chartering records and other information. It helps thrift customers with inquiries and complaints concerning thrift institutions, and provides thrifts with opinions on thrift law. To provide excellent service, without compromising safety and soundness, OTS has developed service standards for the Examination process, Congressional Correspondence, Interpretive Opinions, Consumer Assistance and Applications Processing. Every program with a published service plan sends a quarterly report to the OTS Ombudsman regarding its progress in meeting its stated service standards. The Ombudsman reviews the information, meets with the appropriate office to review the data, and suggests ways to improve service.

Performance Goal:

Develop, distribute and monitor adherence to service plans for major agency functions.

	FY1999 Actual	FY2000 Actual	FY2001 Actual	FY2002 Final Plan	FY2003 Proposed Plan
<u>Performance Measure(s):</u>					
View Definition and Validation					
Number of service plans that met their standards divided by the total number of service plans	80%	100%	50%	100%	
			View Explanation		

[Return to Main Report](#)

Performance Measure

Percentage of thrift institutions that, within sixty days of having received an unsatisfactory safety and soundness rating, are either subject to a formal or informal enforcement action or as to which such action has been waived

Definition and Validation

Definition: OTS employs its enforcement powers to advance the agency's supervisory mission of maintaining a safe and sound thrift industry. Most new enforcement cases focus on correcting unsafe and unsound practices in thrifts before they result in the institution becoming undercapitalized.

OTS's CAMELS system is the same as the CAMELS rating system used by the other financial regulators (FDIC, OCC, NCUA, and Fed) for describing the condition of banks and credit unions. CAMELS is an acronym for Capital Adequacy, Asset Quality, Management, Earnings and Liquidity/Risk Management, and Sensitivity. OTS uses five CAMELS classifications: Those with CAMELS ratings of 1 or 2 are the healthiest thrifts; those with ratings of 3 are experiencing some difficulty, but their overall strength makes failure unlikely; and those with ratings of 4 or 5 are problem thrifts presenting the highest degree of concern. The number of problem thrifts and their combined assets are currently at post-FIRREA lows. Not only are there few problem thrifts, but their financial condition is much stronger than that of problem thrifts during the early 1990's.

OTS will measure this standard using a management report prepared monthly with information taken from the Regulatory Action Data System (RADS) which tracks institutions that are rated 4 or 5 and indicates whether these 4 or 5 rated institutions have received an enforcement action or decision for enforcement action within 60 days of the examination report.

Data Accuracy: Reasonable accuracy; data for this measure meets the accurate and auditable standards set forth under the above section entitled "Performance Data Quality for all Performance Measures."

[Return to Main Report](#)

Performance Measure

Percentage of thrift survey responses that rate the examination process as being "satisfactory" or "better than satisfactory"

Definition and Validation

Definition: The service plan for the examination process was published in September 1994. Since then, when an institution receives a Safety and Soundness, Compliance, Community Reinvestment Act, or Information Systems examination, it also receives a survey form, the purpose of which is to assess OTS's performance against the service plan. The current survey form contains 11 questions. Each question measures one aspect of the performance of the examination team during the examination. Each of the 11 questions is answered either "yes" (signifying "satisfactory" or "better than satisfactory" performance), or "no" (signifying "less than satisfactory performance"). In addition, five of the questions allow qualitative responses ("very satisfied," "somewhat satisfied," "somewhat dissatisfied," and "very dissatisfied").

The results from the service surveys are entered into a database. The regional service coordinator, who enters the results into the database, also enters an assessment as to whether the survey received an overall positive or negative response, based on the answers to each of the 11 questions, plus any narrative comments in the survey. The performance measure will be calculated by dividing the number of surveys that received a positive response by the number of surveys received during the period. The time frame for calculating this measure is November 1 through October 31; OTS changed the time frame for calculating this measure due to a suggestion made by Treasury's Office of Inspector General. The survey response rate is about 60 percent.

Data Accuracy: Reasonable accuracy; data for this measure meets the accurate and auditable standards set forth

[Return to Main Report](#)

Performance Measure

Percentage of thrift institutions that, within sixty days of having received an unsatisfactory compliance rating, are either subject to a formal or informal enforcement action or as to which such action has been waived

Definition and Validation

Definition: Each institution receives a compliance rating from 1 to 5 following its compliance examination, and the ratings are entered into the Examination Data System (EDS). The Regulatory Action Data System (RAD) contains supervisory and enforcement action data.

OTS will measure this standard using a Thrift Information Management (TIM) report with information taken from EDS and RAD, which tracks institutions with compliance ratings of "4" or "5" and whether these institutions have received an

enforcement action or decision for enforcement action within 60 days of the examination report.

Data Accuracy: Reasonable accuracy; data for this measure meets the accurate and auditable standards set forth under the above section entitled "Performance Data Quality for all Performance Measures."

[Return to Main Report](#)

Performance Measure

Percentage of OTS-regulated thrift institutions that are either at least adequately capitalized, operating under an approved Capital Plan or Prompt Corrective Action (PCA) Directive, have been undercapitalized for less than 150 days, or have received prior approval by the Deputy Director for exceeding the 150-day timeframe for issuance of a PCA Directive

Definition and Validation

Definition: OTS has adopted a measure that addresses both of the objectives of PCA: 1) to recapitalize undercapitalized thrifts at the least cost to the deposit insurance fund; and 2) to do it "promptly." The OTS policy is to formally act on capital plans through the issuance of a PCA directive. The measurement adopted allows 150 days from the thrift becoming "undercapitalized," to issue the PCA Directive.

OTS will measure its performance against this standard through the PCA Monitoring Reports prepared quarterly by the regional operations division of Supervision located in Washington using a report prepared by Research and Analysis, "List of Institutions by PCA Category." The PCA monitoring reports contain aggregate data on the number of thrifts in the three PCA undercapitalized categories, an analysis of each PCA undercapitalized institution, the cause of the problem, and the strategy to recapitalize, including the appropriate time frames. The PCA Monitoring Reports also contain information on institutions that are just above the PCA adequately capitalized levels.

The measure will be calculated by adding a) the total number of institutions that are at least adequately capitalized, b) the institutions that are under a PCA directive or have been recapitalized to the "adequately capitalized" level and c) the institutions that are operating within an approved Capital Plan within 150 days of becoming undercapitalized, and then dividing that number by the total number of OTS-regulated institutions.

Data Accuracy: Reasonable accuracy; data for this measure meets the accurate and auditable standards set forth

[Return to Main Report](#)

Performance Measure

The number of institutions that OTS provides one-on-one technical or strategic planning assistance to in their efforts to meet their CRA obligations or expand the full range of housing, other credit and financial services to all segments of their communities. [BASELINE in FY 2002]

Definition and Validation

Part of OTS's long term strategic goal is to support the industry's efforts to meet its CRA obligations and expand the full range of housing, other credit and financial services to all segments of their communities. Thus, OTS will offer technical assistance to each institution that receives a "Needs to Improve" or lower CRA rating. In addition, OTS will offer assistance and actively work with those institutions that want our assistance. The assistance will be offered by either the Community Affairs program staff or the Compliance Examination staff.

[Return to Main Report](#)

Performance Measure

Number of new partnerships formed, activities/ programs commenced or investments made as a result of training, or partnership building activities

Definition and Validation

Definition: Each OTS regional office will follow up periodically with thrifts and others with whom it has worked directly (through outreach, training, partnership building and one-on-one assistance) to determine whether an investment was made, partnership was formed or activity commenced as a result of the office's work. OTS will report on those investments, partnerships or activities that it becomes aware of.

Data Accuracy: Reasonable accuracy; data for this measure meets the accurate and auditable standards set forth under the above section entitled "Performance Data Quality for all Performance Measures."

[Return to Main Report](#)

Performance Measure

Percentage of regulatory staff who will receive at least 30 hours of training designed to keep them current in regulatory issues and industry developments

Definition and Validation

Definition: OTS will calculate this measurement by dividing the number of regulatory staff who received at least 30 hours of training by the total number of regulatory staff. OTS will retrieve the raw data from the training data base of the Office of Professional Development (OPD).

Data Accuracy: Reasonable accuracy; data for this measure meets the accurate and auditable standards set forth under the above section entitled "Performance Data Quality for all Performance Measures."

[Return to Main Report](#)

Performance Measure

Number of service plans that met their standards divided by the total number of service plans

Definition and Validation

Definition: OTS believes its primary stakeholders are the thrift institutions it charters, examines and supervises and the customers these institutions serve. OTS published a service plan in 1994 for the examination process. The standards for the examination process can be grouped by pre-examination process, examination fieldwork, and post-examination process. OTS measures the standards set forth in this plan by conducting formal surveys and participating in town meetings and focus groups throughout the nation.

Service plans for Congressional Correspondence, Interpretive Opinions, Applications Processing, Public Information and Consumer Assistance have also been published. Other service plans will be created as needed. Every office with a published service plan reports to the OTS Ombudsman on a quarterly basis regarding whether it is meeting its stated service standards. The OTS Ombudsman analyzes the information and presents a detailed report to the agency's senior managers.

The quantitative value for this performance measure will be obtained by dividing the number of service plans that met their stated goals 80 percent of the time by the total number of service plans. The OTS goal is that all of OTS's service plans will meet their specified goals at least 80 percent of the time; if all customer service plans reach the 80% goal, a 100% success rate will be reported for this measure.

Data Accuracy: Reasonable accuracy; data for this measure meets the accurate and auditable standards set forth under the above section entitled "Performance Data Quality for all Performance Measures."

[Return to Main Report](#)

Explanation:FY2001

Performance Measure:

Percentage of regulatory staff who will receive at least 30 hours of training designed to keep them current in regulatory issues and industry developments

Two events had a detrimental effect on successfully completing this performance measure. 1) The events of September 11, 2001 caused the cancellation of many training classes that would have required air travel by the participants. 2) OTS's conversion to fiscal year for budget and GPRA purposes resulted in the 2001 performance measures being calculated over a 9 month rather than a 12 month period. The three month shortfall was not envisioned at the beginning of 2001 when the target was set.

[Return to Main Report](#)

Explanation:FY2001

Performance Measure:

Number of service plans that met their standards divided by the total number of service plans

Four customer service plans are included; Examination Process, Interpretive Opinions, Congressional Correspondence and Consumer Assistance. The first two met at least 80% of their standards. The standards in the Congressional Correspondence service plan were met 75% of the time; the standards in the Consumer Compliance customer service plan were met 55% of the time. OTS projects that the standards in the Congressional Correspondence Plan will be met during 2002 as the calculation period will be 12 months (rather than 9 months as it is for 2001).

OTS's Office of Compliance Policy strives to resolve consumer complaints within 30 days or notify the consumer within 30 days that more time will be needed to resolve their complaint. During 2001 Compliance Policy successfully resolved 55% of all consumer complaints within 30 days and the average complaint was resolved in 33 days. As Compliance Policy was not able to reliably confirm the "either/or" aspect of this performance measure, the overall percentage success rate is being reported as 55%. During 2002, with the full implementation of OTS's new Consumer Complaint System and subsequent system updates, OTS's tracking abilities will improve. Compliance Policy will review the new data and program resources during 2002 in order to determine whether the complaint handling procedures and standards should be modified.

